

## Message Text

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PAGE 01 REYKJA 00803 161847Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00  
EB-08 INR-10 NSAE-00 CG-00 DLOS-09 OES-07 L-03  
/050 W

-----105022 171152Z /43

R 161548Z JUN 78  
FM AMEMBASSY REYKJAVIK  
TO SECSTATE WASHDC 8486  
INFO COMICEDEFOR KEFLAVIK IC  
NAVSTA KEFLAVIK IC  
FEDERAL MARTIME COMMISSION WASHDC  
COMSC WASHDC  
CINCLANT NORFOLK VA

LIMITED OFFICIAL USE REYKJAVIK 0803

E.O. 11652: N/A  
TAGS: EWWT, MARR, IC  
SUBJECT: US KEFLAVIK ICELANDIC SEA TRANSPORT

REF: (A) REYKJAVIK 0577 (DTG 271624Z APR 78)(NOTAL)  
(B) NAVSTA KEFLAVIK IC 011605Z MAY 78 (NOTAL)  
(C) COMICEDEFOR KEFLAVIK IC 011700Z MAY 78 (NOTAL)

1. MESSRS. INGIMUNDUR SIGFUSSON AND FINNBOGI GISLASON OF  
THE BIFROST "CAR FERRY" INFORMED CHARGE TODAY THAT, ACCORDING  
TO THEIR NEW YORK AGENT, US MILITARY SEA LIFT COMMAND WAS  
PROCEEDING WITH PLANS TO INIATE CONTRACT ARRANGEMENTS FOR  
TRANSPORTING MILITARY TRAFFIC BETWEEN US AND KEFLAVIK BASE.  
BOTH SIGFUSSON AND GISLASON WERE EXTREMELY CONCERNED THAT  
SUCH A MOVE WOULD IN EFFECT DRIVE THEIR OPERATION OUT OF  
BUSINESS ON THE NORTH ATLANTIC RUN AND LEAVE EIMSKIP  
(ICELANDIC STEAMSHIP COMPANY) WITH A MONOPOLY AGAIN.  
EIMSKIP, WITH ALL OF ITS RESOURCES AND WILLINGNESS TO  
LOSE MONEY TEMPORARILY IN ORDER TO ELIMINATE COMPETITOR,  
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PAGE 02 REYKJA 00803 161847Z

COULD EASILY UNDERBID BIFROST ON ANY AND ALL CONTRACTS  
WITH SEA LIFT COMMAND, ACCORDING TO SIGFUSSON AND  
GISLASON, THEY ADDED THAT CURRENT NON-CONTRACT ARRANGE-  
MENT IS ADVANTAGEOUS TO US AS WELL AS TO BIFROST INTERESTS  
FOR FOLLOWING REASONS:  
(A) SERVICE HAS BEEN VASTLY IMPROVED. BEFORE BIFROST ENTERED  
INTO COMPETITION LESS THAN YEAR AGO, EIMSKIP HAD REPORTEDLY

INFORMED US MILITARY AUTHORITIES THAT EIMSKIP VESSELS COULD NOT HANDLE 40 FOOT CONTAINERS OR REFRIGERATED CONTAINERS. AT PRESENT BOTH BIFROST AND EIMSKIP ARE CARRYING SUCH CARGO.

(B) SHIPPING TIMES HAVE BEEN IMPROVED TO BENEFIT OF US NAVY. IN ORDER TO COMPETE WITH BIFROST, EIMSKIP HAS PUT ON EXTRA SAILINGS TO US AND HAS ADJUSTED SCHEDULES TO PICK UP AND HANDLE MILITARY CARGOS AT BOTH ENDS MORE EFFICIENTLY.

(C) RATES HAVE REMAINED STABLE AND IN SOME CASES EVEN DROPPED AS BOTH COMPANIES SEEK TO SHARPEN COMPETITIVE EDGE. ACCORDING TO BIFROST AUTHORITIES, EIMSKIP CONTACTED THEM SHORT TIME AGO WITH PROPOSAL TO RAISE RATES TO US. BIFROST ALLEGEDLY IGNORED THIS REQUEST. BIFROST REPRESENTATIVES SAID THAT EIMSKIP RECENTLY RAISED RATES ON TRAFFIC BETWEEN ICELAND AND EUROPE BUT HAS BEEN UNABLE TO DO SO ON US-ICELAND RUN BECAUSE OF COMPETITION.

(D) BIFROST IS IN PREOCESS OF FINDING SECOND VESSEL TO PURCHASE TO IMPROVE ITS SERCICE BETWEEN ICELAND AND US.

(E) IF BIFROST GOES OUT OF BUSINESS, NO OTHER COMPETITOR TO EIMSKIP WILL APPEAR FOR THE "FORESEEABLE FUTURE".

(F) BIFROST CANNOT UNDERSTAND WHY CONTRACT IS NOW NECESSARY, SINCE EIMSKIP HAS OPERATED FOR YEARS WITHOUT ONE WHILE IT LIMITED OFFICIAL USE

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PAGE 03 REYKJA 00803 161847Z

ENJOYED MONOPOLY.

2. CHARGE INFORMED SIGFUSSON AND GISLASON THAT HE WOULD TRANSMIT THEIR POINTS TO INTERESTED AUTHORITIES IN WASHINGTON BUT MADE NO FURTHER COMMENT.

3. COMMENT: EMBASSY HOPES THAT COMMENTS MADE IN REFS (B) AND (C) WILL BE GIVEN ALL DUE CONSIDERATION BEFORE FINAL DECISION ON CONTRACT ISSUE IS MADE.  
CHRISTENSEN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, TRANSPORTATION, CONTRACTS, MILITARY BASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780253-1211  
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**Litigation History:**  
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**Message ID:** 52c85087-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 04 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2320659  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US KEFLAVIK ICELANDIC SEA TRANSPORT  
**TAGS:** EWWT, MARR, IC, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/52c85087-c288-dd11-92da-001cc4696bcc  
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